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The Ouroborous of Political Institutions: Party Rules in Institutional Context

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Abstract:
Political parties are essential elements of the political landscape in most of the world and their role is essential as they connect citizens to policy change. Though precisely because they do so much and mean so much there is little agreement among scholars on how they should be studied or understood. Indeed, despite the centrality of parties, the comprehensive large-N analysis of institutions and politics *inside* rather than among them is yet to be attempted. Instead, cross-national data collection efforts are mostly driven by theories that take party structures as given and focus on systems of parties and competition among parties in those systems. The basic question of why parties look like they do and how their organizational features affect political outcomes is left unasked. We believe that advancing scholarship demands that political scientists address the increasingly salient questions of source and purpose of the design of the formal and informal rules that define party organization—intraparty institutions—and (further down the line) of the effects they have on politics and political outcomes. In this paper we introduce a theory-driven approach for empirically examining variation in internal party organization (i.e., rules) in cross-national as well as country-specific context. The gist of our measurement strategy is to trace the degree of centralization in intraparty resource flows.

Keywords: Political institutions, political parties, party organization, party leadership, institutional design.

1. Introduction

In social sciences, much of the time, we are explaining social equilibria of some sort – by theorizing that those equilibria result from actors' strategic responses as conditioned with rules of the game. This means, if one pauses to think it over, that state of the art in analysis of the effects of political structure and process essentially involves using institutions to explain institutions. This is so if we look to definitions, whereby *consistent beliefs and expectations* define both equilibria *and* institutions, and if we look to actual agendas of scholars in the field. Electoral rules, for example, are brought to bear to explain observed party unity, party systems, and party positions; or the structure of the executive is used to explain coalition structures, party systems, internal norms and regulations adopted by legislatures and cabinets. And everything institutional has at one point or another been used to explain the passage of laws---i.e., the adoption of policies, which at the end of the day are institutions in and of themselves.

The reliance on institutions to explain institutions produces a conundrum. What we are able to say depends on where we decide to start. What we proclaim to be the cause is also the same thing that we assume to be given and fixed. In short, practically every piece of research can be automatically critiqued with the possibility of endogeneity in its theoretical argument. It is in this way that we often conceptualize parties and party systems. We explain parties as an equilibrium combination of political strategies, and we say that institutions drive those strategies Amorim Neto and Cox (1997), Ordeshook and Shvetsova (1994). But then we see parties as actors exerting effort to manipulate to their advantage the same institutional variables which we code as explanatory for party system development (Andrews and Jackman 2005, Benoit 2002, 2007, Boix 1999, Shvetsova 1998, 2003, Kinsey and Shvetsova 2008). Then there is the matter of treating parties and party systems themselves as a part of national institutional structure. Indeed, parties lie at the center of causes and effects, at least in democracies (or so we say). Parties also, and specifically of interest to us in this paper, make the very rules that affect their own structure, which makes it very difficult for observers to make generalizable arguments about causality.

Thus, it is fair to say, that the progress of the field of party research as a whole, however impressive, is impeded in some aspects because of what the field recognizes as endogeneity in institutional explanations. When it comes down to explaining institutions with institutions, the field understandably encounters methodological confusion, logical conundrums, and reluctance to venture in certain research directions.

It is at this point that we should probably explain our choice of a title. Endogeneity problem, including in institutional research, is sometimes referred to as the chicken-and-the-egg problem. But we think the Ouroborous is a superior animal analogy. While the egg and the chicken are two distinct entities contesting primacy and not coexistent, the institutions of parties and politics are not like that. The whole point is, it is hard to tell, where one ends and the other begins. Thus comes the Ouroborous, or the snake consuming its own tail. We prefer Ouroborous because of the way that it projects the sustained, on-going quality of mutual influence, being a single animal, however internally complex/conflicted. Also, as depicted, it does not exactly look like a snake but has legs, which also serves our purpose. This is because, substantively, our main thesis is that the political and party elites propel their interest forward by means of institutional design, whether it comes in the form of drafting a constitution, or designing party rules to make a collectivity to serve their private goals. Whether they choose election laws for their coalition to win, or organize their own coalition members just so, given their goals and the at-large political rules, the tiny legs are moving them forward at every step. The later part of the argument we explore below.

2. Parties or Leaders?

Internal organization of parties as strategic response to larger rules of the political game is one such difficult direction. How does one decide which institutions are part of the general political context and which are already the creatures of parties? What should we consider as falling in the range of strategic responses, particularly in view of the fact that it is parties that are behind the design and redesign of political institutions at large?

In search of a fulcrum to anchor our theoretical structure, as well as the data work, we turn to the premise about the identity of the strategic actors behind "parties". To assume actors also means to assume their preferences and thus to be able to look for traces of advantageousness to said actors within party rules and procedures. Our method thus can become: follow the money in reverse. If those who we think design party rules -- to optimize for their goals, given the larger institutional context, -- then we should observe what we can categorize as their preferred institutional regimes.

Scholars tend to focus on political parties' role as vehicles for collective action. Whether they are aggregating preferences, competing for office, or recruiting political elites, and so on, parties are seen as teams—collective endeavors for achieving collective goals. For scholars who worry about the potential disconnect between individual and collective goals, parties provide incentive structures designed to induce individuals to work in concert for their common interests. Individuals might join parties for their own purposes, but once inside they work for the party as much as the party works for them. The common perception of parties, in short, is that they channel individual desires to produce cooperation in pursuit of shared purpose.

We are more interested in ways in which parties can serve as collective vehicles for individuals' private objectives. While we agree that parties serve the various functions ascribed to them, we think it worthwhile to examine more closely the starting point—that parties are the means by which individual actors advance their self-interest in a context where achievement is possible only collectively. The issue is fundamental, since individual goals might overlap but are unlikely to match up straightforwardly, which means that it is vitally important who makes decisions for the party, and how. We thus start by asking how self-serving political elites—and here we define elites somewhat tautologically as those who design the rules that structure intraparty organization and decision making—would set up intraparty structure and process. Our basic premise is that parties are coalitions of politicians, and that these same politicians set up their coalitions' internal rules. The decision to form (or join[1]) a party and the choice of intraparty rules both should serve rational politician-designers' objectives.

While historical institutionalists might carefully trace the evolution and growth of institutions, most empirical work takes institutions as given, discrete, and isolated. Measures of institutional context thus boil down to concrete variables, usually dummies---bicameralism, presidentialism, PR versus SMD, and so on. But institutions are more than that. They both structure and embody decision-making structure and process, so that no institution in a given system ever is or can be independent from the others. Ultimately, institutions take the form of repeated or at least customary patterns of behavior that define a set of consistent, shared beliefs and expectations. To capture this dynamic, continuous aspect of political institutions, we measure them as elements of process.

Table 1 shows four different types of party-defined actors (in the rows) and (in the columns) four distinct elements of utility provided to them by their chosen party. A plus sign in a cell indicates that the actor in the relevant row gains utility from the party-

[1] We do not address individual politicians' decisions to affiliate with a party here. The question is interesting, and we each have dipped our ties into the rapidly growing literature on choice and change in politicians' partisanship (Heller and Mershon 2005; 2008; 2009; Mershon and Shvetsova 2008; 2009), but it is beyond the scope of this paper.

delivered utility element in the column. We make no particular claims at this point with respect to how actors might weight the different benefits. On the whole, Table 1 suggests that different types of agent within a party would design intraparty rules geared to achieve different objectives—which in turn implies that different agents would produce different designs. We address the question of whether, how, and under what circumstances different agent types would produce different designs in a larger project. As a first step, it is important to ascertain the basic connection between the agents and the bias in the design, which constitutes our main underlying theoretical premise. We thus start with the maintained hypothesis that party rules are designed by a set of ambitious actors whom we define as party elites. This hypothesis dictates our case selection: we include only party systems where we believe it obtains. Party elites can of course be constrained—by voters, by party activists, or by party rank and file—but we abstract away from these sources of variation in order to focus on the effect of "macro" (i.e., primarily constitutional) institutional variables on elite goals and consequent party-design outcomes.

Table 1. Elements of Objective Function by Party Agent

	Benefits			
Actors	Party Policy	Party Activities	Salary and Office	Ambition/Career
Voters	+			
Activists	+	+		
Rank and file	+	+	+	
"Elites"	+	+	+	+

The columns in Table 1 identify broad categories, but are instructive nonetheless. For most students of political parties, the objective of interest is primarily electoral and confined to the first column in the table: individuals, from voters to party elites, want their party to win elections and implement its policy program. Whether the primary concern is the details of party positioning and party systems (Duverger 1954), the regional-national tension that parties have to embrace to succeed in federal systems (cf. Boleyer 2011; Carty 2004), or internal party organization (see, e.g., Panebianco 1988; Samuels and Shugart 2010), leadership recruitment (Kam et al. 2010; Norris 1997), or party unity (see, e.g., Bowler, Farrell, and Katz 1999; Kam 2009; Sartori 1994; Laver 2006), behavior is seen through the lens of electoral efficacy (see Sartori 1976). With few exceptions (albeit with a venerable history, beginning at least with Michels 1911), the possibility that something else might be going on inside parties—that individuals might be fighting to further their own interests rather than their view of the collective interest of the party and its members—is left to one side (but see in particular Strøm 1994). Even where the party in office is understood to have interests different from the people who vote for them (Katz and Mair 1995; Kitschelt 1989), the focus tends to remain solidly on winning elections.

We approach the question of how a party organizes differently. We do not quarrel with the notion that winning elections is important—after all, under normal circumstances not only do the members of a party that does poorly in elections gain no benefit from policy, but they also gain little from any of the other benefits of legislative service—but rather argue that for elites there might be an important difference between winning and doing "well enough." The key point of Table 1 is that different party agents have different *sets* of goals, some of which they hold in common and some of which they do not. As long as whoever designs party rules assigns positive weights to their own possible benefits, they have reason to

create party institutions that help them to ensure that the party reflects their interests (cf. McCubbins, Noll, and Weingast 1987; 1989). Conflicts of interest among different classes of party members (or affiliates, or agents) therefore are intrinsic to any party that can hope realistically to play the legislative policy-making game, which implies that all parties are born with the original sin of agency loss.

Moving into the second column of Table 1, policy still looms large. Party activities distinct from campaign build team sentiment and loyalty, giving the activists who do the hard footwork necessary to get voters to the polls a reward above and beyond whatever policy influence the party gains (though party policy still ought to be important to activists). Past the second column of the table, however, policy starts to look less like an objective and more like an instrument. Elected party members and elites benefit privately from holding office, no matter who ends up determining policy, and it seems reasonable to suppose that they might be tempted to trade their own (incumbents') self-interest against the desires of voters and activists alike (Katz and Mair 1995).[2] In column 3, the disconnect is not complete: as long as the perks of office can be gained only by winning elections, and as long as propounding party policy helps to win elections, then a politician who cares a great deal about holding office and taking home the associated paycheck still ought to evince more than passing interest in policy making (cf. Heller and Mershon 2008). Column 4, by contrast, is problematic. If elites can realize (or seek to realize) their personal ambitions at the expense of party policy or electoral success (e.g., by negotiating policy compromises in order to enter government), or if their careers are close to ending (Strøm 1994), then they might be willing to sacrifice the interests of the party and everyone else in it in order to serve their own interests.

For present purposes we leave the exact definition of who belongs in the party elite ambiguous, beyond the self-referential definition above. This ambiguity is realistic, as elite status is determined less by an individual's formal status than by her position in informal political and personal networks. The tautology also is realistic, as elite status is endogenous: one can acquire power by applying power, so those who design rules to their own advantage accumulate benefits and advantages and grow to become privileged party members. They then can sustain their status by further amending rules when external circumstances change. As long as elites—who, at the end of the day, turn out to be those individuals whose expressed preferences influence what their parties do—understand what they need to do in the interests of holding on to or accumulating influence (an assumption that holds across a wide range of political-science literature; cf. Boix ; Mayhew 1974), it is hard to escape the conclusion that whoever designs a party's rules should wield disproportionate influence within the party. (A more precise definition of what it takes to be one of the elite would no doubt be useful, but is unnecessary for this paper.) The starting point, then, is that there exist individuals both who are in a position to weigh in on the choice of internal party rules and whose utility functions might include some party-related benefits above and beyond winning seats and making policy. To reiterate: this is not to say that party elites do not share goals—i.e., winning elections and making policy—with their copartisans. Rather, the politicians who comprise a party's elite echelons derive additional, private goods from or associated with the *process* of producing the public good of policy (and electoral success) for the other agents in their party.

Another matter of definitions that we need to clarify at this point is the nature of party rules. We focus here on rules that we expect parties that share institutional context to hold in common. Some such rules that are imposed on parties by the constitution or by statue (see, e.g., Janda 2005), while others emerge in common as optimal responses by elites in similar circumstances. Parties also generally have internal rules that their in-system counterparts do not share, of course. Some of these rules make sense in light of similarities

[2] This also fits the intuition underpinning arguments for a "norm of universalism" in the US Congress (see, e.g., Weingast 1979).

or differences in in parties' natural constituencies or other characteristics—we expect power in left parties to be generically more concentrated than in right parties, for example—while others probably are purely idiosyncratic. We abstract away from unpredictable differences in order to focus on rules that apply to parties throughout the party system, in line with the important observation that *where parties make the rules* (and party elites determine what their parties want), party laws that affect all parties are just as much the product of elite design (they are a product of joint efforts of party elites from different parties) as the internal rules that each party determines on its own. Our focus on the variation in rules due to the variation in regime-defining macro institutions allows us to embrace these jointly designed items. If anything, this should carry the bias against our argument – broadening the set of immediate designers might introduce additional constraints and suppress the reflection of the elite goals in the outcome.[3]

At the most abstract level and as a gross oversimplification, our argument is as follows: Party elites want more than electorally optimal power-concentrating and less than electorally optimal power-diffusing rules and practices in a party; the rest of party actors want exactly electorally optimal power-concentrating and power-diffusing institutions. Party elites design the rules, subject to the constraint of remaining reasonably electorally successful, yet willing to introduce a partial trade-off between the electoral and policy success on the one hand and their own career security on the other and push for greater than optimal intraparty concentration of power. The reason why elites value concentrated power is because that prevents obstacles from rising in the way of their careers (e.g., in the form of grass-roots backed maverick bidders for party positions).

The value of elite career opportunities varies across systems. This variation, starting with the simple truism that what is defined as "reasonable" electoral success differs depending on the electoral system. In some systems—SMD plurality rules are the case in point—a bare minimum of electoral achievement requires much greater diffusion of power than in others, other things equal. Moreover, imperfect agency always carries a risk, e.g., that lower-level agents or the party's erstwhile principals might discover the extent of their agency loss, possibly with help from rival elites, and thus carries an inherent, if not always realized, cost. Hence, absent tangible rewards at the end of the road—e.g., absent a list of ministerial portfolios or other career targets made available by the constitution—elites should be less interested and thus should expend less effort in concentrating power through institutional design. These and similar considerations lead clear hypotheses and expectations with regard to how might expect elite incentives to vary across systems and, consequently, the patterns that might exist in the data. At this early stage—we are, as far as we know, breaking new ground with this research—they also inform our approach to case selection.

Our main hypothesis connects the constitutionally provided opportunity structure for party elites with the outcomes of institutional design with respect to parties' internal operation:

H1: Party elites should design party rules in the direction of greater concentration of power when there are party-controlled benefits at stake beyond legislative office, other things equal.

Stated more specifically, and aligned with our data strategy, we rephrase this hypothesis as:

H1a: Party elites should design party rules in the direction of greater concentration of power in parliamentary as compared to presidential systems, other things equal.

We do the same on the side of power diffusion:

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[3] If we are right, party laws that dictate how parties must (or must not) organize are tantamount (where such rules concentrate power in elite hands or facilitate incuments' reelection) to an elite or incumbent conspiracy. Those in power pass laws making it easier to stay in power, but because the rules apply as well to their counterparts on both sides of the political spectrum the associated agency loss is less noticeable.

H2: Party elites should design party rules in the direction of less diffusion of power when there are party-controlled benefits beyond legislative office to be gained, other things equal.

H2a: Party elites would design party rules in the direction of less diffusion of power in parliamentary systems as compared to presidential, other things equal

Hypotheses *H1a* and *H2a* reflect our theoretical belief that there exists some optimal design for party electoral success in a given electoral system, in a given type of state (e.g., federal or unitary), and in a given type of a party (e.g., a party of the poor or a party of the wealthy). A parliamentary form of government, where cabinet and prime-ministerial aspirations add a layer of strongly felt elite incentives, will distort this optimal design relative to non-parliamentary (presidential) systems. That is, we expect power in parties to be generically more concentrated in parliamentary than in presidential systems, whatever the electoral system. In light of our expectations, we adopt the most-different-systems research design presented in Table 2.

Table 2. Main independent variable and controls influence on the presence of power-concentrating intra-party institutions

			Parliamentary +	Presidential -
Federal -	SMD -	Left +	--++ Australia	--+- USA
		Right -	---+ Australia	---- USA
	PR +	Left	-++ Spain	-+- Argentina
		Right	-++ Spain	-+- Argentina
Unitary +	SMD -	Left +	+-++ UK	+-+-
		Right -	+--+ UK	+---
	PR +	Left	+++ Norway	++- Taiwan
		Right-	+++ Norway	++- Taiwan

Single member district campaigns require power-diffusing rules not just for successfully winning individual constituencies, but also in order to win enough of them to have a shot at policy control. Thus, compared to PR systems, we expect more power-diffusing and less power concentrating design features under SMD. Federal versus unitary polities should similarly have more power-diffusing party rules. Taking seriously the sociological approach to party organization, it follows that money should be in short supply for parties of the left, which thus should be designed with tighter and relatively more power-concentrating budgetary and campaign rules than parties of the right (though there could be a number of reasons why the opposite can be the case as well).

We build our research design around the variation in our key independent variable, parliamentarism. The idea is to compare parties in parliamentary versus presidential across every possible category of controls. (The important controls from our perspective are elements that are theoretically linked to party power concentration independent of the constitutional system.) Our case selection thus aims at maximizing the constitutional differences among the country-cases. Within countries, we also compare across parties that represent different sides of the ideological spectrum, following up on the hypothesis advanced by the sociological theories. Table 3 summarizes our expectations and outlines our case selection.

It is worth noting at this juncture that the design of electoral rules can be closely linked to the interests of the parties involved in creating them. Evidence from post-Communist eastern Europe supports a nice theoretical story (Buliga-Stoian 2009) that pits unorganized

parties with clear, attractive labels (opposition parties) against well-organized parties whose labels are repugnant to many (the former ruling Communist parties). Where the former Communists were able to influence outcomes, electoral rules tilted toward candidate-centered voting; where opposition parties had the bargaining advantage, they instituted party-oriented systems where a strong label was particularly beneficial.[4] It seems reasonable that the same kinds of self-serving concerns that determine choice of electoral rules should hold sway in the design of intraparty rules as well.

3. Measuring the Dependent Variable: Intraparty Institutions

How can we measure the concentration of power in parties? The problem is twofold. First, claims about what the distribution of power *should* be, as defined in party laws (Janda 2005) and party rules, do not necessarily reflect the reality of what the distribution of power in fact *is*. Consider, for example, a constitutional stipulation—found in many national constitutions around the world—that the legislative mandate exercised by individual legislators should be free from outside pressures; not only are outside pressures commonplace, coming at the very least from parties, voters, and interest groups, but to the extent that being able to exercise the mandate freely requires breaking ties between legislators and their parties or their constituents the constitutional stipulation is incompatible with democracy.

The second part of the problem is that it is difficult (and probably impossible) to infer authority from behavior. When individuals or organizational units in a political party take action (e.g., adopting some policy stance or running a political campaign), they might be implementing their own preferences under their own volition. They also might be carrying out the wishes of someone else—e.g., constituents, donors, higher-level leaders, candidate-nominating activists. Our solution to the problem is to look for resource flows within parties. The idea is that control over resources confers independence, while dependence on transfers *from* resource holders—be they party leaders at the top of the party hierarchy or rank-and-file members with their own funding sources—will make recipients of said transfers highly attentive to the desires of the resource holders. Hence, a party leader who nominally is the agent of the party's rank and file but controls valuable resources for the fulfillment of members' career ambitions effectively is their de facto principal. Observed behavior might be uninformative or even misleading, but resource flows reveal more than they hide.

In order to trace principal-agent relationships, then, we seek to identify and follow intraparty resource flows. The resources we are interested in are three: resources and remunerations for normal expenditures (e.g. ., legislator salaries, office, staff, housing, travel, etc.), control over career prospects (e.g., access to the ballot and career advancement), and campaign finance. Some of the resources we look at are governed by statute and so do not vary within countries; others are governed by party rules, making interparty differences possible (albeit not necessary). Of course, the statutes in question are created by parties (cf. Pérez-Francesch 2009, 252), but the political and practical considerations contributing to party law likely are more complex than those governing party-decisions on their own organization. At the end of the day, we believe, what determines the structure of principal-agent relationships within a party is not the fine detail but rather control over resources in the aggregate.

As a first cut at measuring the balance of power inside parties as measured by resource flows, we ask a number of questions about control over different types of resources at

[4] This also is consistent with the story of the choice of electoral rules in post-war Italy, where the uncertainty of the parties in the "*arco costituzionale"* about their popular support led them to implement a highly proportional system.

different levels inside parties. The questions, along with some thoughts about why they are important and how they relate to the concentration or diffusion of power, are listed below. We do not run two separate taps for the concentrating and diffusing institutions, since identifiable rules that in different ways regulate the same aspect of party functioning often do so to different effect and we opt against discussion the same aspects in different places. The summary table in Appendix identifies power-concentration as "+", and power-diffusion as "-."

- Top down transfers: If lower-level units within a party depend on resource transfers from higher levels, that should concentrate power by making lower levels dependent on the good will of higher-level elites.
- Voluntary bottom-up transfers: If lower-level units have their own resources and can—but need not—transfer some of their wealth upward, that makes higher levels dependent on lower levels for resources. Consequently, voluntary bottom-up transfers indicate decentralization of authority.
- Mandatory bottom-up transfers: If lower-level units have their own resources but are *required* to pass some on to higher levels, we see that as indicative of power concentration on two fronts. First, mandatory upward flows can only occur where the central authority has the ability to force lower levels to surrender their resources; and second, upward flows give the top levels of the party access to a greater share of all-party resources than they otherwise would have.
- Where resources are received or expended below the electoral-district level—e.g., by individual candidates—we believe power should be less concentrated, all else equal. At heart, the movement of resources at the bottom of the party organizational pyramid suggests a need to adjust to local circumstances, likely rendering the concentrated exercise of authority inefficient or counterproductive.
- If campaign funds are held and expended separately from funds in the general party budget, as in the case of PACs in the US, there is likely to be a separation of purpose between campaigns and the intraelectoral concerns of party leaders. Even if the same people are in charge in both cases, the objectives are different enough to give rise to conflicts between them. We thus take such separation of budgets as indicative of dispersion of power.
- Government funding of legislative parties is a direct transfer to the top levels in parties, hence supports the concentration of power.
- Government funds to candidates to fund campaigns provides the recipients with a degree of financial independence that undermines the concentration of power.
- Tithing to the central party organization by sitting legislators, as in the case where lower-level units of the party are obliged to transfer resources upward, indicates power concentration.

- If local organizations cannot register under a party label without the consent of higher-level party officials, that indicates a concentration of power. The party label is a key resource, and limits on local-level registration indicate that it is a resource controlled by the party center.
- Government funding of parties (as opposed to candidates) for elections indicates power concentration, since candidates who fail to serve the interests of the party—as determined by higher-level officials—can expect to see fewer party resources funneled their way.
- Where top levels of the party can deny use of the party label to specific actors or groups (e.g., candidates nominated to the ballot by local party organizations), those actors depend on the good will of higher-level elites. Power thus is more concentrated.
- Where independents can run for office or serve in the legislature, individuals within parties have a viable outside option vis-à-vis toeing the party line. Such an option should give them the ability to resist directives from on high, hence contributing to the dispersion of power.
- Where access to media outlets is provided free by law to candidates, hence removing one of the key funding demands on campaigns, candidates depend less on party resources than they otherwise would. Such access therefore contributes to the dispersion of power.
- Similarly, legal rational of media access makes it more difficult for top levels of a party to allocate media resources as they see fit, thus contributing to the dispersion of power.
- Where media access is rationed, but party elites determine the distribution of their party's allocation, power is more concentrated.
- If legislators have offices and staff by virtue of the office they hold, independent of party, they are thus relatively independent of the party, all else equal. To the extent that such resources are not controlled by parties, therefore, power is dispersed.
- Similarly, if legislators have independent budgets by virtue of holding a seat and not under the control of their party, they can act independently without risking at least some portion of the resources available to them. Independent budgets thus undermine the concentration of power.
- Where parties pay allowances to their legislators—whether their entire remuneration or some sort of top-up funding—they have a fairly big club to hold over legislators' heads. Such allowances thus indicate a concentration of power.

- The explicit recognition of party factions in party rules indicates, somewhat counterintuitively, power concentration. Basically, we see formally recognized factions as serving the central-party interests on two levels. First, they create an orderly competition for control over the party, but do not necessarily require the dispersion of authority otherwise; and second, the existence of factions provides leaders with information about party-member preferences that they can use in deciding whom to promote, hence improving central-party authorities' ability to control public perceptions of the party (cf. Weiwei's diss).
- Legislative primaries remove higher-level officials' control over ballot access, hence reducing the concentration of power.
- If peak organizations (such as labor unions or manufacturer associations) can donate directly to or campaign for parties, power is concentrated to the extent that party leaders build relationships with those organizations.
- Where the party leader is chosen by sitting legislators, the effect is twofold. On one hand, this selection concentrates power in the hands of sitting legislators; on the other hand, it makes the leader the clear agent of said legislators, who thus can expect to exert influence that they could not were the leader selected by conferees at a party congress.
- If the selection of party leader is separate from selection of the party candidate for chief executive (i.e., Prime Minister or President), power is less concentrated. Where both positions end up in the hands of different individuals, obviously, party decisions are the outcome of a bargaining process. Power might be centralized, but it is not concentrated. Where the same individual ends up holding both positions, on the other hand, it might be easier for rank and file members to threaten removal from one or the other, hence holding a rein on the leaders' authority. In both cases, therefore, separate selection suggests less concentration of power.

4. Theoretical value of our process-based approach to operationalization of party institutional choice

Our theoretical approach is novel in that it conceptualizes organizational choices as mechanisms—tools meant to serve their designers' purpose. As we see it, this perspective absorbs the two major existing schools of thought on intraparty institutions, which currently are at odds with each other. The socio-economic approach, traditional in the literature on European parties and party systems, links party structure to the optimization of resource allocation for campaigns and elections. Following this approach, divergent organizational strategies across parties stem from differences in the social organization and economic status of their core constituencies. It follows from this line of reasoning that parties that adhere to similar ideologies—and hence serve similar constituencies—should

share organizational patterns across countries, while socioeconomic differences in party constituencies should drive differences in party organizations within states.
The traditional, Eurocentric approach to the study of parties clashes with the modern emphasis, developed primarily among students of the US Congress, on the role of institutions in defining fundamental incentives and constraints for political action. From this institution-centric perspective, similarities in parties' institutional contexts should lead to convergence in design outcomes. It follows that party organizations within states, subject to the same electoral rules and working within the same framework of institutional constraints and incentives, should look alike, while inter-country differences in institutional structure should be linked to variation in party structures. Thus, the institutional school generates expectations generally contrary to those of the socio-economic school. As for theoretical models, scholars working within this line of research are compartmentalized by the aspect of institutional influence that they choose to explore. One angle, for example, is to focus on the mechanical constraints that decision-making structure and process impose on agents and how agents organize to overcome those constraints. First-past-the-post electoral rules, for example, bias outcomes in favor of single-party legislative majorities, thus obviating or at least minimizing the need for parties to create and maintain mechanisms both for bargaining with other parties and for negotiating and maintaining intraparty support for interparty agreements. Proportional systems, by contrast, with their propensity to yield indecisive electoral outcomes (i.e., no single party holds a majority of legislative seats), force parties to consider legislative outcomes as interparty bargains. A second line of attack in the institutional camp is to identify the path to agenda control defined by formal legislative and constitutional rules (which set, for example, the number and relative authorities of different branches of government) and posit that party elites design party organizational forms to maximize their ability to control the agenda.
At the end of the day, the question of which approach—socio-economic or institutional—is better for understanding party organization should be an empirical one. In part because the two approaches are insulated from each other, however, the data gathered by advocates of one are of little use for testing hypotheses generated by advocates of the other. Data collection in both camps is spurred by theoretical considerations, but the focus of each is so different that their dependent variables (often qualitatively defined) end up doing little more than reflecting and validating the motivating theory. Neither of the approaches in the institutional tradition generates clear hypotheses about how parties should organize. Arguably, the socioeconomic school does yield such hypotheses; it does not, however, spell out the mechanisms by which party elites make specific organizational choices, thus preventing the useful incorporation of institutional variables to account for variation in incentive structures. The problem as we see it is that both perspectives are incomplete. While both assume (though the socio-economic only implicitly) that parties want to win elections or gain policy, this assumption essentially equates the goals of the decision-makers with those of the party. What in needed instead, and what this paper is intended to provide, is a general theory that gives pride of place to principal-agent relationships inside parties.

5. Findings

Table 3 reports the prevalence of power-concentrating institutions in the total set of those that we record for each party in the dataset (Appendix 2 lists political parties that correspond to the entries in the hypothesis table). The test of H1a consists in identifying statistically significant differences in the prevalence of power concentrating rules in parliamentary versus presidential party-equivalents. Considering that we have a missing theoretical category of unitary/SMD/presidential, we do not have a meaningful comparison for the two UK cases. Those comparisons, however, are available for the other six, of which in four (federal/SMD and unitary/PR) we do observe statistically significant difference in

the expected direction. Spanish parties are the outliers and are not regulated towards statistically significantly greater power concentration relative to their Argentinian counterparts. (Or, alternatively, Argentinian parties are more centralized than might be expected.)

Table 3. Prevalence of power-concentrating intra-party institutions

			Parliamentary +	Presidential -
Federal -	SMD -	Left +	--++ Australia .55	--+- USA .22
		Right -	---+ Australia .33	---- .13
	PR +	Left	-++ Spain .53	-+- Argentina .55
		Right	-++ Spain .53	-+- Argentina .58
Unitary +	SMD -	Left +	+-++ UK .5	+-+-
		Right -	+--+ UK .4	+---
	PR +	Left	+++ Norway .67	++- Taiwan .38
		Right	+++ Norway .63	++- Taiwan .38

Table 4 summarizes the same statistics in a different way, as we continue our search for the better way to operationalize our dependent variable, and presents what we call an index of intra-party institutional concentration (IIIC). IIIC is calculated as a ratio of power concentrating to power diffusing rules and is another way to reflect the balance between the two types. Anything below 1 is tilted towards power-diffusion, values above 1 indicate bias in the direction of power-concentration. Notice here that this is in no way an indication of how diffused or concentrated parties *are* – IIIC characterizes rules, constraints, which may be put in place exactly for the purpose of overcoming the otherwise prevailing tendency in party development. Again, for the four federal/SMD and unitary/PR pairs of party-cases we observe statistically significant differences in IIIC in the expected direction. Spanish and Argentinian counterparts, however, appear to be regulated in very similar ways.

Table 4. Index of institutional concentration

			Parliamentary +	Presidential -
Federal -	SMD -	Left +	--++ Australia 1.2	--+- USA .3
		Right -	---+ Australia .5	---- USA .1
	PR +	Left	-++ Spain 1.1	-+- Argentina 1.2
		Right	-++ Spain 1.1	-+- Argentina 1.4
Unitary +	SMD -	Left +	+-++ UK 1	+-+-
		Right -	+--+ UK .7	+---
	PR	Left	+++ Norway 2.0	++- Taiwan .6

	+	Right	+++ Norway 1.7	++- Taiwan .6

This similarity between the cases of Spain and Argentina goes away when we focus on an indicator which is hidden in the computation of both the IIIC and the prevalence variables – the index of intraparty institutional regulatedness, a poorly named dependent variable that sounds better abbreviated as IIIR. IIIR is computed as a simple proportion of active institutional categories in the total number of coding categories and indicates how much parties are formally constrained in what and how they do. Table 6 reports the values of IIIR, making parliamentary Spain appear on the whole much more constrained by the formal rules of party conduct than its presidential counterpart, Argentina. While for theoretical reasons only power concentrating rules can be properly viewed as constraints, here we compute IIIR with all rules, because we use it in conjunction with previously reported IIIC. We do not at present have a theoretical story for high levels of institutional regulation, thus no hypotheses to that end. This observation suggests the need to address the matter and further down the line expand the data to assess the theoretical implications.

Table 5. Index of intra-party institutional regulation (fraction of coding categories that are active)

			Parliamentary	Presidential
Federal	SMD	Left	Australia .48	USA .39
		Right	Australia .39	USA .35
	PR	Left	Spain .83	Argentina .48
		Right	Spain .74	Argentina .52
Unitary	SMD	Left	UK .43	-
		Right	UK .43	-
	PR	Left	Norway .39	Taiwan .57
		Right	Norway .35	Taiwan .57

6. Conclusions

In this paper we take a baby step in the direction of presenting institutional design of party rules and regulations as a principal-agent situation with the potential for agency loss where there are substantial private goods components in the designers' utility functions. Our initial effort at operationalizing the dependent variable have exposed both the difficulties and the possibilities and we see great promise in continuing on in developing both the theoretical and the statistical models of this process.

Further research will need to address such questions as whether power-diffusion and power-concentration dimensions can be treated in combination (as we do here). Power diffusion institutions are mostly captured as practices and enabling rules (although some are strict regulations, such as media rationing, for instance). Practically all power-concentrating institutions can be argued to be firm and binding constraints. Another empirical question of interest and great importance for supporting out theoretical claim is whether one finds a change in an institutional strategy by the elites whenever an outside

party ascends to the parliamentary status, or a minor parliamentary party acquires the potential to become a ruling coalition member.

APPENDIX 1:

+	+	Top-down transfers
-	-	Bottom-up flow, voluntary
+	+	Bottom-up flow, mandatory
-	-	Receipts and/or spending below the lowest el district level
-	-	Does electoral Budget (or, as in US, Pacs) exist separately from party budget?
+	+	Government funds (to party in parliament)
-	-	Government funds go to candidates (as opposed to central organization)
+	+	Tithing by candidates to the common party pot
+	+	Top controls registration of local organization
+	+	Government funds (to party in elections)
+	+	top can veto use of label
-	-	Can there be independents in elections or parliament?
-	-	Media access is rationed by law
+	+	Media rationing goes to top organization
-	-	Do MPs have non-party offices and staff in parliaments?
-	-	Do MPs have non-party budgets in parliament?
+	+	Do parties pay allowance to their MPs in parliament?
+	+	Factions allowed (1)/prohibited (1), else no entry
-	-	Legislative primaries
+	+	Peak organizations donate or campaign directly
-	-	Selection of PM/Pres separate from selecting party leader

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